

RNS Number : 8328I
London & Quadrant Housing Trust
09 August 2023

THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED.

FOR DISTRIBUTION ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN "U.S. PERSONS" (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT)). NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO, OR TO ANY PERSON LOCATED OR RESIDENT IN, ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS ANNOUNCEMENT (SEE "SOLICITATION AND DISTRIBUTION RESTRICTIONS" BELOW).

UK MIFIR PROFESSIONALS/ECPS-ONLY – MANUFACTURER TARGET MARKET (UK MIFIR PRODUCT GOVERNANCE) IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY (ALL DISTRIBUTION CHANNELS).



LONDON & QUADRANT HOUSING TRUST

(incorporated in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 with registration number 30441R and registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008, as amended by the Localism Act 2011, with number L4517)

announces consent solicitation in respect of the outstanding

£130,000,000 Guaranteed Secured Stepped Coupon Bonds due 2018 to 2033
(the **Bonds**)

of its subsidiary

QUADRANT HOUSING FINANCE LIMITED
(the **Existing Issuer**)

9 August 2023. London & Quadrant Housing Trust (**L&Q**) announces today an invitation (such invitation the **Consent Solicitation**) to Eligible Bondholders (as defined below) to consent to (i) the substitution of L&Q in place of the Existing Issuer as issuer of the Bonds, (ii) the full and final release and discharge of Ambac Assurance UK Limited (**Ambac**) from its guarantee in respect of the Bonds, (iii) certain changes to the terms and conditions of, and other documents relating to, the Bonds to align the Bonds with the terms of L&Q's most recent bond issue and (iv) the amendment of the security underlying the Bonds to acknowledge that such security has been granted by L&Q in respect of the Bonds and the partial release of such security from time to time in compliance with the Asset Cover Test and Minimum Performance Levels Test, all as proposed for approval by an extraordinary resolution at a meeting of the holders of the Bonds, (together, the **Proposed Amendments**) as further described in the Consent Solicitation Memorandum (as defined below).

This announcement does not contain the full terms and conditions of the Consent Solicitation, which are contained in the Consent Solicitation Memorandum dated 9 August 2023 (the **Consent Solicitation Memorandum**) prepared by L&Q, and this announcement should be read in conjunction with the Consent Solicitation Memorandum. Subject to the restrictions described under "*Solicitation and Distribution Restrictions*" below, Eligible Bondholders may obtain a copy of the Consent Solicitation Memorandum from the Tabulation Agent, the contact details for which are set out below. In order to receive a copy of the Consent Solicitation Memorandum, a holder of the Bonds will be required to provide confirmation as to his or her status as an Eligible Bondholder. Eligible Bondholders are advised to read carefully the Consent Solicitation Memorandum.

Capitalised terms used but not otherwise defined in this announcement have the meanings given in the Consent Solicitation Memorandum.

Details of the Bonds

	<u>ISIN / Common Code</u>	<u>Original Principal Amount of the Bonds Outstanding</u>	<u>(Amortised) Outstanding Principal Amount of the Bonds</u>
£130,000,000 Guaranteed Secured Stepped Coupon Bonds due 2018 to 2033	XS0084364016 / 008436401	£130,000,000	£102,053,120 ¹

1. At the time of the Meeting the (amortised) outstanding principal amount of the Bonds is expected to be £98,613,580.00

Background to, and rationale for, the Consent Solicitation

The Bonds were originally issued in February 1998, and the net proceeds from the issue of the Bonds were originally advanced by the Existing Issuer to the former London & Quadrant Housing Trust (**Old L&Q**) and to London & Quadrant Bexley Housing Association Limited (**L&Q Bexley**) pursuant to the Loan Agreement. Following an amalgamation between Old L&Q and L&Q Bexley (amongst others) in March 2008 to form L&Q, L&Q is now the sole borrower under the Loan Agreement. The Bonds continue to be obligations of the Existing Issuer.

In the Consent Solicitation, L&Q is seeking to make the Bonds direct obligations of L&Q with the objective of simplifying its corporate and funding structure and aligning the Bonds with the terms by which its most recent and existing listed debt obligations have been issued and are governed.

Proposed Amendments

The Existing Issuer is convening a meeting (the **Meeting**) of the holders of the Bonds (the **Bondholders**) for the approval by the Eligible Bondholders, by an extraordinary resolution (the **Extraordinary Resolution**), of the Proposed Amendments, as further set out in the notice convening the Meeting published by the Existing Issuer on the date of this announcement (the **Notice**).

The purpose of the Consent Solicitation and the Meeting is:

- (i) to modify the terms and conditions of the Bonds (as set out in the Third Schedule to the Existing Bond Trust Deed, the **Conditions**), and the other documents relating to the Bonds, to provide for:
 - (a) the substitution of L&Q in place of the Existing Issuer as issuer of the Bonds; and
 - (b) certain changes to the Conditions and the other documents relating to the Bonds to align the Bonds with the terms of L&Q's most recent bond issue;
- (ii) to approve (a) the full and final release and discharge of Ambac from any liabilities, actions, claims, promises, debts or obligations that it may have under the financial guarantee insurance policy dated 10 February 1998 and the endorsement thereto issued by Ambac in respect of the Bonds (the **Ambac Bond Policy**), and the cancellation of the AMBAC Bond Policy (the **Ambac Release**), and (b) certain consequential amendments to the Conditions and other documents relating to the Bonds to reflect the Ambac Release; and
- (iii) to approve the amendment of the security underlying the Bonds to acknowledge that such security has been granted by L&Q in respect of the Bonds and the partial release from time to time of such security, provided that, notwithstanding any such release, the value of the Charged Properties will at all times be at least the requisite minimum to comply with the Asset Cover Test and Minimum Performance Levels Test.

Further information in relation to the Consent Solicitation, including in respect of the Proposed Amendments and the manner in which the Proposed Amendments will be implemented, is set out in the Consent Solicitation Memorandum.

Results of Consultation with a Special Committee of the Investment Association

The Consent Solicitation has been considered by a Special Committee (the **Special Committee**) consisting of Bondholders and convened by The Investment Association (the **IA**) at the request of L&Q. The members of the Special Committee, who hold in aggregate approximately 71.62 per cent. of the aggregate original principal amount of the Bonds currently outstanding, have examined the Consent Solicitation, the Extraordinary Resolution and the Proposed Amendments. They have informed L&Q that (i) they find the Proposed Amendments acceptable; and (ii) subject to client and other approvals (including those of each member of the Special Committee's underlying investors) and each member of the Special Committee exercising its voting rights in the best interests of its underlying investors at the point of voting, they intend to

vote in favour of the Extraordinary Resolution in respect of their holdings of the Bonds. As such, whilst each member of the Special Committee has been asked to confirm, after due enquiry, the amount of its holding of the Bonds that it will be able to commit to vote in favour of the Extraordinary Resolution, any indication given by such member of its intention to vote is not binding. The Special Committee has advised L&Q that this relates only to the proposals set out in the Consent Solicitation Memorandum with respect to the Bonds and not to any future offers or proposals which L&Q and/or the Existing Issuer may make.

Ambac Assurance UK Limited

Ambac has confirmed in writing to L&Q that, subject to satisfaction of the Consent Conditions, it will enter into the First Supplemental Trust Deed and the Amendment and Restatement Deed following conclusion of the Meeting, in order to effect the Ambac Release.

Eligible Bondholders

The Consent Solicitation is only being made, and the Consent Solicitation Memorandum and any other documents or materials relating to the Consent Solicitation are only for distribution or to be made available, to each Bondholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act), (b) not a retail investor (as defined under "*Solicitation and Distribution Restrictions*" below) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is not a retail investor, and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation (each an **Eligible Bondholder**).

Meeting

At the Meeting, Bondholders will be invited to consider and, if thought fit, pass the Extraordinary Resolution to approve the implementation of the Proposed Amendments, as more fully described in the Consent Solicitation Memorandum and the Notice.

A person attending the Meeting via video conference or telephone conference, as the case may be, shall be deemed to be present in person at the Meeting, and all such references in the Consent Solicitation Memorandum shall be construed accordingly. In order to attend the Meeting via video conference, a Bondholder will need to provide suitable identification documentation (including photo identification) to the Tabulation Agent, following which the Tabulation Agent will provide the Bondholder with details to access the video conference (or, in the event a video conference is unavailable, via telephone conference call).

Consent Conditions

The implementation of the Consent Solicitation and the Extraordinary Resolution will be conditional on:

- (a) the passing of the Extraordinary Resolution;
- (b) the Consent Solicitation not having been terminated in accordance with its terms; and
- (c) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Bondholders, irrespective of any participation at the Meeting by Bondholders who are not Eligible Bondholders (all such persons, **Ineligible Bondholders**), as further described in the Consent Solicitation Memorandum,

(together, the **Consent Conditions**).

Expiration Deadline

The Consent Solicitation commences on the date of this Consent Solicitation Memorandum and expires at 5.00 p.m. (London time) on 29 August 2023 (such time and date as the same may be extended, the **Expiration Deadline**). All Consent Instructions from Eligible Bondholders wishing to vote in respect of the Extraordinary Resolution must be received by the Tabulation Agent by the Expiration Deadline.

No Fee

No consent or participation fee will be payable in connection with the Consent Solicitation.

Ineligible Bondholders

An Ineligible Bondholder may deliver, or arrange to have delivered on its behalf, a valid Ineligible Bondholder Confirmation (as defined in the Notice) that is received by the Tabulation Agent by 5.00 p.m. (London time) on 29 August 2023 and is not subsequently revoked).

Timetable

The indicative timetable is summarised below:

<i>Event</i>	<i>Indicative Timetable</i>
Announcement of Consent Solicitation and publication of Notice convening the Meeting	9 August 2023
Expiration Deadline	5.00 p.m. (London time) on 29 August 2023
Meeting	10.00 a.m. (London time) on 1 September 2023
Announcement of results of Meeting and satisfaction of Consent Conditions	As soon as reasonably practicable after the Meeting
Execution and delivery of the Amendment Documents, and implementation of the Extraordinary Resolution	As soon as reasonably practicable after the Meeting

The above dates and times are subject to the right of L&Q to extend, waive any condition (other than the Consent Conditions) of, amend and/or terminate the Consent Solicitation (other than the terms of the Extraordinary Resolution) as described in the Consent Solicitation Memorandum and the passing of the Extraordinary Resolution (and satisfaction of the Eligibility Condition) at the initial Meeting. Accordingly, the actual timetable may differ significantly from the timetable above.

Bondholders are advised to check with any bank, custodian, securities broker or other intermediary through which they hold their Bonds when such intermediary would need to receive instructions from a Bondholder in order for such Bondholder to participate in, or (in the circumstances in which revocation is permitted) to validly revoke their instruction to participate in, the Consent Solicitation and/or the Meeting before the deadlines specified above. The deadlines set by any such intermediary and each Clearing System for the submission and revocation of Consent Instructions will be earlier than the relevant deadlines above.

Further details on the Consent Solicitation can be obtained from:

SOLICITATION AGENTS

Barclays Bank PLC

1 Churchill Place
London E14 5HP
United Kingdom

Telephone: +44 20 3134 8515
Attention: Liability Management Group
Email: eu.lm@barclays.com

RBC Europe Limited

100 Bishopsgate
London EC2N 4AA
United Kingdom

Telephone: +44 20 7029 0165
Attention: Liability Management
Email: liability.management@rbccm.com

Requests for documentation and information in relation to the procedures for delivering Consent Instructions should be directed to:

TABULATION AGENT

Kroll Issuer Services Limited

The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

Telephone: +44 20 7704 0880
Attention: Arlind Bytyqi
Email: lqgroup@is.kroll.com
Website: <https://deals.is.kroll.com/lqgroup>

None of the Solicitation Agents, the Tabulation Agent, the Security Trustee, the Bond Trustee, the Principal Paying Agent, Ambac or any of their respective directors, officers, employees, agents, representatives or affiliates has been involved in the formulation of, expresses any opinion on the merits of, or makes any representation whatsoever regarding, the Consent Solicitation, the Extraordinary Resolution or the Consent Solicitation Memorandum or makes any recommendation as to whether Bondholders should participate in the Consent Solicitation or otherwise participate at the Meeting. None of the Security Trustee, the Bond Trustee, the Principal Paying Agent and Ambac has reviewed this announcement.

This announcement is released by London & Quadrant Housing Trust and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (**UK MAR**), encompassing information relating to the Consent Solicitation and the Proposed Amendments described above. For the purposes of UK MAR and the Implementing Technical Standards, this announcement is made by Martin Watts, Director of Treasury at London & Quadrant Housing Trust.

DISCLAIMER: This announcement must be read in conjunction with the Consent Solicitation Memorandum. This announcement and the Consent Solicitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Consent Solicitation or the Meeting. If any Bondholder is in any doubt as to the action it should take or is unsure of the impact of the implementation of the Extraordinary Resolution, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Consent Solicitation or otherwise participate at the Meeting. None of L&Q, the Existing Issuer, the Solicitation Agents, the Tabulation Agent, the Security Trustee, the Bond Trustee, the Principal Paying Agent or Ambac expresses any opinion about the terms of the Consent Solicitation or the Extraordinary Resolution or makes any recommendation as to whether Bondholders should participate in the Consent Solicitation or otherwise participate at the Meeting.

SOLICITATION AND DISTRIBUTION RESTRICTIONS

United States

The Consent Solicitation is only being made outside the United States, to persons other than "U.S. persons" (as defined in Regulation S under the Securities Act). Any purported participation in the Consent Solicitation resulting directly or indirectly from a violation of these restrictions will be invalid and any participation in the Consent Solicitation by a person that is located or resident in the United States or that is a U.S. person or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a beneficial owner that is giving instructions from within the United States or that is any U.S. person will not be accepted.

Neither this announcement nor the Consent Solicitation Memorandum is an offer of securities for sale in the United States or to any U.S. person. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The Bonds have not been, and will not be, registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available.

Each Bondholder participating in the Consent Solicitation will represent that it is not a U.S. person (as defined in Regulation S under the Securities Act), and is not acting for the account or benefit of any U.S. person, and that it is not located or resident in the United States.

For the purpose of this announcement and the Consent Solicitation Memorandum, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

European Economic Area and United Kingdom

The Consent Solicitation is not being made to any "retail investor" (as defined below). Each Bondholder participating in the Consent Solicitation will represent that it is an Eligible Bondholder, thereby confirming, *inter alia*, that it is not a retail investor.

For the purposes of this announcement and the Consent Solicitation Memorandum, a **retail investor** means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA, or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not

qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a distributor) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

General

Nothing in this announcement or the Consent Solicitation Memorandum constitutes or contemplates an offer of, an offer to purchase or the solicitation of an offer to sell any security in any jurisdiction and participation in the Consent Solicitation by a Bondholder in any circumstances in which such participation is unlawful will not be accepted.

The distribution of this announcement and the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law, and persons into whose possession this announcement or the Consent Solicitation Memorandum comes are requested to inform themselves about, and to observe, any such restrictions.